

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7042
BILL NUMBER: HB 1206

DATE PREPARED: Dec 28, 1998
BILL AMENDED:

SUBJECT: Historic rehabilitation tax credit.

FISCAL ANALYST: Brian Tabor
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FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues		(300,000)	(300,000)
State Expenditures			
Net Increase (Decrease)		(300,000)	(300,000)

Summary of Legislation: This bill maintains the state cap on the total amount of income tax credits allowed for preservation or rehabilitation of historic property at the current level of \$750,000 for each state fiscal year. (Under current law, the cap is scheduled to be reduced to \$450,000 for state fiscal years beginning on July 1, 1999, and thereafter.)

Effective Date: July 1, 1999.

Explanation of State Expenditures: Historic rehabilitation tax credits are currently capped at \$750,000 for FY 1999, but the cap is scheduled to be reduced to \$450,000 beginning in FY 2000. This bill would maintain the cap at \$750,000 for each fiscal year indefinitely. As the amount of credits currently processed would not change, there should be no additional expenditures related to this bill.

Explanation of State Revenues: The historic rehabilitation tax credit program is administered by the Department of Revenue and the Division of Historic Preservation and Archaeology of the Department of Natural Resources (DNR). Credits are awarded to individuals or businesses spending more than \$10,000 to preserve or rehabilitate historic property. Each credit granted is equal to 20% of the qualified expenditures as approved by the Division, and may be taken against the recipient's state income tax liability (including the gross income tax, adjusted gross income, or supplemental net income tax).

The total amount of approved credits exceeded the cap in both FY 1997 and FY 1998. Under this bill, it is expected that all \$750,000 in tax credits would be used each fiscal year, reducing state tax revenue by this amount. As the cap would otherwise be reduced to \$450,000 under current Indiana law, the actual impact of this proposal is a \$300,000 revenue decrease each fiscal year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Revenue; Division of Historic Preservation and Archaeology, DNR.

Local Agencies Affected:

Information Sources: David Duvall, State Architect, Division of Historic Preservation and Archaeology, DNR, (317) 232-1646.